MR. K. GEORGE (*Chief Secretary to Government*) : ഞാനിപ്പോൾ കണക്കുകൂട്ടൽ പ്രയാസമാണ്.

ADJOURNMENT MOTION.

PRESIDENT : Mr. Joseph Kunju wishes to move the adjourn men of the business of the House.

"To discuss the disapproval of the public of Travancore regarding the decision of Government to appoint a European Mechanical Engineer for the charge of P. W. D. Workshops Division, disregarding and overriding the legitimate claims of competent and duly qualified Mechanical Engineers already in the service of the Travancore P. W. D."

This is a most extraordinary motion. I know that it is the third motion that has been made during this session, based on rumour. Members do not seem to understand the meaning of the rules at all for motions for adjournment of the business of the House. This motion is, of course, disallowed.

Legislative Business.

THE PROVIDENT INSURANCE SOCIETIES BILL.

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*) : Sir, the next item on the agenda is the Travancore Provident Insurance Societies Bill. Before I make the motion, with your permission, Sir, I wish to make a statement about the programme of work that has to be got through during this session of the Council. The Dewan has decided to extend the sittings of the session by one day, *viz.* Tuesday; the third reading of all the Bills has to be gone through on that day. There is then only this day for the second reading of the Bills now before the House, *viz.*, the Provident Insurance Societies Bill, the Insolvency Bill and the Chitties Regulation Amendment Bill. If it is not possible to get through the second reading of these Bills today, they will have to go to the new Legislature. If the members are anxious to get through any of these Bills, I request that they will go through it expeditiously so that the second reading may be finished; we cannot expect to have another day for this purpose. And it will not be possible to take up any second reading on Tuesday and on the same day to go on with the third reading also.

Sir, I now beg to present the Report of the Select Committee on the Provident Insurance Societies Bill and beg to move that the bill as reported be taken for consideration.

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*) : I second it.

Clause 1 to 3.

PRESIDENT : There are no amendments to the first three clauses. I put it that clauses 1 to 3 stand part of the Bill.

The question was carried and Clauses 1 to 3 were added to the Bill.

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Clause 4.

PRESIDENT: Amendment to clause 4, sub-clause (1) stands in the name of Mr. K. P. Nilakanta Pillai.

MR. K. P. NILAKANTA PILLAI (*Chirayinkil*): Sir, I move the following amendment to clause 4, sub-clause (1):

Delete the words that occur between the words "Our Government" in line 5 and the words "a sum" in line 7.

When that portion is deleted the middle portion of the clause will read thus:

"Or before its registration deposit and keep deposited with the Chief Account Officer for and on behalf of Our Government a sum equal to 15 per cent of the gross income derived from its business as shown in the revenue account for the last financial year."

What the clause at present says is that "on registration or before registration a sum of Rs. 5,000 can be deposited with the Account Officer on behalf of the Government and until the society has deposited the sum of Rs. 50,000, shall annually deposit and keep deposited a sum equal to 15 per cent of the gross income." Therefore, the clause, as it is, requires the Provident Insurance Societies before or on the date of registration to deposit in advance a sum of Rs. 5,000 and thereafter to deposit at the rate of 15 per cent of the annual income of the company until the accumulated deposit amounts to Rs. 50,000. By my amendment, the initial deposit of Rs. 5,000 is to be omitted and the accumulated deposit of Rs 50,000 is not to be contemplated at future date but only the company is called upon to deposit 15 per cent of the annual income with the Account Officer on behalf of Government.

The reasons for tabling this amendment are many. It will be agreed that these companies have come into existence without any limit. That is the reason why this Bill has been found necessary to restrict the operations of such companies. Therefore, as a security so that only solvent people may come in to register Provident Insurance Companies, the Government propose to demand Rs. 5,000 in advance before or on the date of registration. Secondly, the Government also propose to call upon the promoters of the company or the company to deposit 15 per cent of the annual income of the company every year until the accumulated investment with Government reaches Rs. 50,000. Many of the members on this side of the House as well as on the other side of the House may know that many of the promoters of companies that have been registered here hitherto are not in a position to deposit this amount of Rs. 5,000, not to speak of the other deposits. In case they find it difficult to deposit this amount, what will become to the companies already existing? That is the only question we have to consider. With reference to the Chitties Regulation Amendment Bill, when this House attempted to declare illegal the starting of *kurichitties*, there was opposition on this side of the House that the *kurichitties* already started and doing business now should be exempted from the operation of the Bill. If that is so, it is all the more why it is not safe to impose the burden, that is contemplated upon the companies which have been registered in the country in the last one or two years and

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which have been doing a very wide business in the country, whether good business or bad business from the point of view of the men who have taken policies in these uncertain companies. There is a clause lower down by which this Regulation insists that within a period of six months from the date from which the Regulation comes into force, if the deposits mentioned in that clause are not made that company may become illegal. Just imagine what would become of the large amounts—though they may be small from the point of view of the individual policy holder—about 400 companies together may have collected very huge amounts. I have no figures and I request the Government to give me the figures as to what the average collection by these companies in these two years would be. Calculating it at an average of Rs. 10,000, we can more or less imagine what amount of money has been collected by these companies, from poor people, and what would happen to this amount. That is the only question that we have to consider. I am not against insisting upon some substantial security being demanded from these companies. I am at one with the Law Member. But it is not possible for all the registered companies or the promoters of the companies to deposit the amounts demanded. The only course for them will be to wind up. Suppose the companies are prepared to wind up their business, I ask what would become of the enormous amounts collected from the poor policy holders. There is no remedy. Of course, contrary to the *kurichitties*, the individual policy holder may as well sue in a civil court for his remedy. But if it is our opinion that the promoters of the company are men of straw what would be the result of his suing them in a law court? That also cannot be thought of. These companies are registered under the Companies Regulation. Therefore they are limited companies and so their liabilities are limited. And the poor policy holders will be helpless if this clause is insisted upon.

MR. E. V. KRISHNA PILLAI (*Kottarakara cum Kunnattur*): If these companies are allowed to continue without security what would be the fate of the individual policy holders?

MR. K. P. NILAKANTA PILLAI (*Chirayinkil*): I was just saying that. I am at one with the Law Member that as a matter of necessity we should demand some security from companies that may come hereafter. Suppose this security is insisted upon in the case of about 400 companies which are not prepared to satisfy this condition, what would happen. That is the only question which I want the members to consider. I am at one with the Law Member and there is absolutely no difference with reference to the principle involved in the clause. Some sort of substantial security has to be demanded from the promoters of companies who are going to start Provident Insurance Societies hereafter. But the question is what should become of the policy holders and the money paid by them to the societies now in existence. If we agree that many of these are bogus companies and that by fraud or misrepresentation or fantastic advertisement they are carrying on business duping people, and that anyhow they have collected large amounts of money what would happen to that money?

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MR. A. S. DAMODARAN ASAN (*Mavelikara* cum *Kartikapalli*): What will happen if they discontinue transactions all on a sudden?

MR. K. P. NILAKANTA PILLAI (*Chirayinkil*): That also I casually referred to though I did not deal with it at length. These companies are registered under the Companies Regulation and they are subject to periodical inspection from the registering office.

MR. A. S. DAMODARAN ASAN (*Mavelikara* cum *Kartikapalli*): Is it necessary that all these societies should be registered under the Companies Regulation?

MR. K. P. NILAKANTA PILLAI (*Chirayinkil*): I think so. There may be exceptions. To speak about the generality of cases, I may say that almost all the companies are registered.

MR. A. S. DAMODARAN ASAN (*Mavelikara* cum *Kartikapalli*): Is it only guess work?

MR. K. P. NILAKANTA PILLAI (*Chirayinkil*): I know it as a matter of fact. With reference to the advertisement boards and with reference to my acquaintence with several of the companies I have come to know that almost all the companies are registered under the Companies Regulation. Therefore the Companies Regulation is now applied to control the activities of these companies.

MR. K. KRISHNAN NAYAR (*Pattanamtitta*): What is the member's opinion with regard to the companies that have been registered after this Bill has been introduced in this Council?

MR. K. P. NILAKANTA PILLAI (*Chirayinkil*): Unless there is some Regulation or law to control their activities better, it is left to the individuals to register any company. Nobody can prevent it. Even today they may be registering companies.

MR. A. NARAYANA PILLAI (*Vaikam*): ഈ ബിൽ ആദ്യം അവതരിപ്പിച്ചപ്പോൾ ഇങ്ങനെ ഒരു സംഖ്യ ഡിപ്പോസിറ്റ് വയ്ക്കണമെന്ന് അതിൽ പറഞ്ഞിരുന്നുവോ?

MR. K. P. NILAKANTA PILLAI (*Chirayinkil*): There may not be.

MR. N. K. KRISHNA PILLAI (*Neyyattinkara*): Has the member any idea as to how and in what circumstances the amount deposited can be recovered by the societies from the Government?

MR. K. P. NILAKANTA PILLAI (*Chirayinkil*): I think there are some provisions. Anyhow, the promoters might deposit first and then it becomes the companies property. As a matter of fact, until the company stops its activities, I do not know whether this amount can be appropriated by the company. There is no definite provision for that.

MR. S. CHATTANATHA KARAYALAR (*Pattanapuram* cum *Shencotta*): Is it not the security of the policy holders for the amounts due to them under clause 4?

MR. K. P. NILAKANTA PILLAI (*Chirayinkil*): It is clear that it is as security for the amount of the policy holders. But suppose the company satisfactorily carries on business and after sometime it refuses

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to receive more applications for doing business and it discharges all the liabilities and is about to close its business. Then, there is this security and who must get it—the promoters or the company ?

MR. S. CHATTANATHA KARAYALAR (*Pattanapuram* cum *Shencotta*) : The policy holders.

MR. K. P. NILAKANTA PILLAI (*Chirayinkil*) : It is not very clearly stated as to who should get this amount. We can just imagine a point where the company stops its activities and satisfactorily discharges its liabilities to the policy holders. Finally the security remains with the Government. Who is to appropriate that ?

MR. K. P. ABRAHAM (*Muvattupuzha* cum *Todupuzha*) : Under clause 4.....

MR. K. P. NILAKANTA PILLAI (*Chirayinkil*) : Under the existing Provident Insurance Societies Regulation, it has to be worked on the principle of dividing system. Many death-calls may come and the money collected with reference to this clause will be divided and given off so far as the individual policy holders are concerned. They cannot demand anything more from the company.

MR. K. P. ABRAHAM (*Muvattupuzha* cum *Todupuzha*) : When their rights are adjusted what more have they got ?

MR. K. P. NILAKANTA PILLAI (*Chirayinkil*) : They have no right for anything more. *Ipso facto* these amounts are the concern of the company and the company has no more liability over the policy holders and the policy holders have no more right over the company for anything more.

MR. A. S. DAMODARAN ASAN (*Mavelikara* cum *Kartiakapalli*) : Is it not the member's opinion that some security is necessary ?

MR. K. P. NILAKANTA PILLAI (*Chirayinkil*) : Yes.

MR. A. S. DAMODARAN ASAN (*Mavelikara* cum *Kartikapalli*) : If the member's amendment is accepted where is the provision for furnishing that security ?

MR. K. P. NILAKANTA PILLAI (*Chirayinkil*) : If my amendment is accepted, I insist that 15 per cent of the annual income from the company shall be deposited with the Account Officer.

MR. A. S. DAMODARAN ASAN (*Mavelikara* cum *Kartikapalli*) : So, the security is to be given only after collecting money at least for a year ?

MR. K. P. NILAKANTA PILLAI (*Chirayinkil*) : Yes.

MR. A. S. DAMODARAN ASAN (*Mavelikara* cum *Kartikapalli*) : What will be the security for the amounts paid by persons in the first year ?

MR. K. P. NILAKANTA PILLAI (*Chirayinkil*) : There is the solvency of the promoters of the company and also their good faith. There is nothing more than that. Under the existing provisions of the Companies Regulation, these companies, even though they are registered companies, are not bound to keep a balance sheet and the necessary account books until the end of the year. Therefore, even if we by this clause insist upon 15 per cent of the collections of the companies being

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[Mr. K. P. Nilakanta Pillai.]

deposited with the Account Officer on behalf of the Government every month there may not be any means of efficiently checking whether this is done. To make this possible even the existing Regulation may require amendment and this amendment itself may require a further amendment because it does not provide for the checking of accounts every month or even once in six months.

The object, I think, has been understood. I want security being demanded from the promoters of these companies, after the Regulation comes into force. But as for the existing companies, so that the policy holders may not suffer and the money collected from the country may not be appropriated by the promoters of the company who will be compelled to wind up the business in case they cannot deposit Rs. 5,000, to safeguard the interest of the country, some amendment is necessary. Therefore, at least for the existing companies this clause may be accepted and some other amendment may be made to demand security for companies which may come into existence hereafter. With these words I place my amendment before the House.

MR. A. NARAYANA PILLAI (*Vaikam*): I second it.

ഇപ്പോഠം അവതരിപ്പിച്ചിട്ടുള്ള ഭേഗതി ഈ ബില്ലിന് ഏററവും അത്യാവശ്യമാണെന്നാണെന്റെ അഭിപ്രായം. കുറിച്ചിട്ടികളെപ്പോലെ തന്നെ ഇൻഷ്വറൻസു കമ്പനികളും ധാരാളമായി വർദ്ധിച്ചിട്ടുണ്ടെന്നും ഇപ്പോഠം തിരുവിതാംകൂറിൽ നാന്നൂറിൽപരം കമ്പനികഠം ഇതുവരെ റജിസ്റ്ററാക്കിട്ടുണ്ടെന്നും സെലക്ററ് കമ്മററിറിപ്പോർട്ടിൽ കാണുന്നുണ്ട്. ഈ ബിൽ അവതരിപ്പിച്ച കാലത്തു് ഇത്തരം കമ്പനികഠംക്കു ജാമ്യം വേണമെന്നുദ്ദേശിച്ചിട്ടില്ലെന്നുകരുതുബിൽ കൊണ്ടു് നമുക്കു കാണുവാൻ കഴിയുന്നതാണു്. സെലക്ടു് കമ്മിററിയുടെ ആലോചനയുടെ ഫലമായി ഒരു സെക്യൂറിററിവേണമെന്നു തീച്ചപ്പെടുത്തുകയും ആദ്യം തന്നെ അയ്യായിരം രൂപാ ജാമ്യം വേണമെന്നു നിശ്ചയിക്കുകയും ചെയ്തു. ഇപ്പോഠം ജോലി തുടങ്ങീട്ടുള്ള കമ്പനികളിൽ ചില കമ്പനികഠംക്കു് ആദ്യമേതന്നെ അയ്യായിരം രൂപാ കെട്ടിവയ്ക്കുന്നതിനുള്ള തൽക്കാടമുള്ളതായി വന്നേക്കാമെങ്കിലും ഒട്ടധികം കമ്പനികഠംക്കും അപ്രകാരം കെട്ടിവയ്ക്കുവാൻ സാധിക്കുകയില്ലെന്നുള്ളതു തീച്ചയാണു്. ഈ സംഖ്യ കൊടുക്കുന്നതിനു കമ്പനികഠം ശ്രദ്ധിക്കുന്നപക്ഷം എന്നെന്നേക്കും പ്രവർത്തനങ്ങഠം ശരിയായി നടത്തുവാൻ നിവൃത്തിയില്ലാത്തവിധമുള്ള നഷ്ടത്തിലേക്കായിരിക്കും ഈ വകുപ്പു നയിക്കുന്നതു്. കമ്പനികളിൽ സാധാരണയായി ചേരുമ്പോഴും, പിന്നീടു് ഡത്തുകാഠം സമയത്തോ, അല്ലെങ്കിൽ ബർത്തുകാഠം (Birth Call) സമയത്തോ, അതാതുകളുടെ അവകാശികഠംക്കു കൊടുക്കേണ്ട ഒരു കാര്യത്തിനുവേണ്ടി മാത്രമാണു പണം പിരിക്കുന്നതു്. ജാമ്യത്തിനുവേണ്ടി

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യുള്ള വ്യവസ്ഥയോടുകൂടി പണം പറഞ്ഞുകൊണ്ടുപോയ പാളിസിക്കാരോടു പണം പിരിച്ചിട്ടില്ല. സാധാരണ ചിട്ടികളെപ്പോലെ പണം വാങ്ങിച്ചുകൊണ്ടുപോയ ആളുകളിൽനിന്നു പണം പിരിച്ചെടുക്കേണ്ടി വരുന്നപക്ഷം ഇതിനൊരു നിവൃത്തികാണുമായിരുന്നു. എന്നാൽ ഇൻഷ്വറൻസുകമ്പനികൾക്കു പണം വാങ്ങിച്ചുകൊണ്ടു പോവുക എന്നല്ലാതെ അവരോടു തിരിയെപണം ചോദിക്കേണ്ട ഒരു ബാദ്ധ്യതയുമില്ല. അങ്ങനെ ഇരിക്കുന്ന അവസരത്തിൽ പണം കൊടുത്തവക്കൊരു രക്ഷവേണമെങ്കിൽ കമ്പനിയുടെ പ്രവൃത്തികൾ മേൽനടത്തിക്കൊണ്ടുപോകുന്നതിനു് ഒരവസരം കൊടുത്തുവെങ്കിൽ മാത്രമേ ആകുകയുള്ളൂ. അയ്യായിരംരൂപാ ഉടനെ കൊടുത്തുവെങ്കിൽമാത്രമേ കമ്പിനികൾക്കുപ്രവൃത്തികൾ തുടരുവാൻകഴിയുകയുള്ളൂ എന്നവ്യവസ്ഥ വരുത്തിയാൽ ഇപ്പോൾ പലകമ്പനികളും ഉടനെതന്നെ പിരിഞ്ഞു പോകേണ്ടതായി വരും. ഇന്നു് ഈ കമ്പനികളിലെ കണക്കുകൾ പരിശോധിക്കുന്നതിനുള്ള ചുമതലക്കാരെ ഗവണ്മെൻറു നിയമിച്ചിട്ടുണ്ടു്. കമ്പനിയുടെ മൂലധനത്തിൻെറ ഒരു തോതുവച്ചു് ആദ്യം ചെറിയ സംഖ്യ ജാമ്യമായി എടുക്കുന്നതിനും മേലാൽ രജിസ്റ്റർ ചെയ്യുന്ന കമ്പനികൾക്കു് ഈ സംഖ്യതന്നെ ജാമ്യമായിവയ്ക്കുന്നതിനും വ്യവസ്ഥ ചെയ്യുന്നതായാൽ ഒരുപക്ഷേ ഇതിലും സൗകര്യമായിരിക്കും. ഇപ്പോൾ സ്ഥാപിച്ചു പ്രവൃത്തികൾ തുടങ്ങിയിരിക്കുന്ന കമ്പനികൾ ഉടനെതന്നെ ഒരു വലിയ തുക നിക്ഷേപിക്കണമെന്നു പറയുന്നതു നിശ്ചയമായും ആശാസ്യമായിരിക്കുകയില്ല. ഈ വ്യവസ്ഥ പലേ കമ്പനികളേയും ഉപദ്രവിക്കുന്നതാകകൊണ്ടു്, അതു് ഈ ബില്ലിൽനിന്നു് എടുത്തുകളയണമെന്നാണു് എൻെറ അഭിപ്രായം.

MR. M. N. NARAYANA MENON (*Kottayam*): ഞാൻ മി. കെ. പി. നീലകണ്ഠപിള്ള അവതരിപ്പിച്ചിട്ടുള്ള ഭേദഗതിയെ അനുകൂലിക്കുന്നു. ഇന്നിവിടെ നാന്തരോളം പ്രൊവിഡൻറു ഇൻഷുറൻസുകമ്പനികൾ രജിസ്റ്റർചെയ്തിട്ടുണ്ടെന്നു സിലകുടുകമ്മറിറിപ്പോർട്ടുകൊണ്ടു കാണുന്നുണ്ടു്. ഈ നാട്ടിൻെറ പലഭാഗത്തും വളരെയുള്ളകമ്പനികൾക്കു് ഈ കമ്പനികൾ നിമിത്തം ഇപ്പോൾ തൊഴിലുള്ളതായിട്ടാണു കാണുന്നതു. എന്നാൽ ൭൦൦൦ രൂപാ നിക്ഷേപം കെട്ടിവയ്ക്കണമെന്നുപറയുന്നതു ഈ കമ്പനികളുടെ നടത്തിപ്പിനെ സാരമായി തടയുന്നതും തന്നിമിത്തം തൊഴില്ലായ്മ കൂടുതൽ വർദ്ധിച്ചുവരുന്നതിനു കാരണമാകുന്നതും ആയതുകൊണ്ടു ഈ ഭേദഗതി എതുയും അത്യാവശ്യമായിട്ടുള്ളതാണെന്നാണു് എൻെറ അഭിപ്രായം.

MR. K. P. MADHAVAN PILLAI (*Shertallai*): Sir, I oppose the amendment. The very purpose for which the Bill is sought to be

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[Mr. K. P. Madhavan Pillai.]

introduced into the Council is to have an effective control over the working of these companies that are every day coming into existence in this country. When this Bill came before the Select Committee, the report of the Provident Society Vigilance Committee was placed in the hands of the members. By a reference to that report we are convinced that security must be demanded from these companies which are coming into existence like mushrooms. Mr. Marathey, an expert from Gujarat, was one of the experts who was in that committee. He says that about 200 companies existed in Gujarat about 25 years ago which after 3 or 4 years' work dwindled into 3 or 4 companies and the rest of them ceased to work. Mr. Marathey has also concluded that the working of these companies has been found to be most impracticable as they are based on principles that are unscientific, unsound and unworkable. The report of Mr. Marathey is appended to this Bill also.

MR. P. S. MAHOMED (*Nominated*) : ഡിപ്പോസിറ്റുകെട്ടിവയ്ക്കുയാണെങ്കിൽ ഈ മാതിരി ദോഷങ്ങളൊന്നുമുണ്ടാകയില്ലല്ലോ.

MR. K. P. MADHAVAN PILLAI (*Shertallai*) : Yes, of course, we can have control. The existence of so many companies is a menace to those companies which are already doing good and substantial work in the country.

MR. P. S. MAHOMED (*Nominated*): ബ്രിട്ടീഷ് ഇൻഡ്യയിൽ ഡിപ്പോസിറ്റു വയ്ക്കണമെന്നു വ്യവസ്ഥയുണ്ടോ?

MR. K. P. MADHAVAN PILLAI (*Shertallai*) ബ്രിട്ടീഷിൽ ലൈഫ് അഷ്വറൻസു കമ്പനിക്കു സെക്യൂരിട്ടി വയ്ക്കണമെന്നു വ്യവസ്ഥയുണ്ട്.

MR. P. S. MAHOMED (*Nominated*): ഇതു പോലെ പ്രാവിഡൻറുഫണ്ടിനു ഡിപ്പോസിറ്റു വയ്ക്കണോ?

MR. K. P. MADHAVAN PILLAI (*Shertallai*) : ഇതുപോലെയുള്ള കമ്പിനികളൊന്നും അവിടെയില്ല. പഞ്ചാബ്, ഗുജറാറ്റ്, ബാംബെ ഇവിടങ്ങളിലെല്ലാം ലൈഫ് അഷ്വറൻസു കമ്പിനികൾ ധാരാളമുണ്ട്.

MR. A. NARAYANA PILLAI (*Vaikam*) മെമ്പർ ഇതിന്റെ സിലക്ട് കമ്മിറ്റിയിലെ ഒരംഗമായിരുന്നില്ലേ?

MR. K. P. MADHAVAN PILLAI (*Shertallai*) : ആയിരുന്നു.

MR. RAMA VARMA RAJA (*Edavagai*) : .....

MR. K. P. MADHAVAN PILLAI (*Shertallai*) : പണം നിക്ഷേപിക്കണമെന്നു പറയുന്നതു കമ്പനിയുടെ രക്ഷയ്ക്കല്ല; അതിൽ ചേർന്നിട്ടുള്ള അംഗങ്ങളുടെ ഉറപ്പിനും നന്മയ്ക്കും വേണ്ടിയാണ്.

MR. RAMA VARMA RAJA (*Edavagai*) : ഇപ്പോഴും ഏതെങ്കിലുംകമ്പനിക്കാർഅതിൽചേർന്നിട്ടുള്ള അംഗങ്ങൾക്കു പണംകൊടുക്കാതിരിക്കുന്നുണ്ടോ?

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MR. K. P. MADHAVAN PILLAI (*Shertallai*) : അവർ കൊടുക്കാമെന്ന പറഞ്ഞിട്ടുള്ള തുക കൊടുക്കാൻ സാധിക്കുന്നില്ല എന്നാണ് എന്റെ അറിവ്.

MR. RAMA VARMA RAJA (*Edavagai*) : ഇന്ന തുക കൊടുക്കാമെന്ന പറയുന്നുണ്ടോ?

MR. K. P. MADHAVAN PILLAI (*Shertallai*): നോട്ടീസനുസരിച്ച കൊടുക്കാമെന്ന പറയുന്ന തുക കൊടുക്കുന്നില്ല.

MR. RAMA VARMA RAJA (*Edavagai*) : അവരുടെ പ്രോസ്പക്ടസിൽ പിരിഞ്ഞുകിട്ടുന്ന തുക കൊടുക്കാമെന്നല്ലെ പറയുന്നത്?

MR. K. P. MADHAVAN PILLAI (*Shertallai*) : പിരിച്ചെടുക്കുന്നതിന്റെ മുന്നിൽ രണ്ടുഭാഗം തന്നെ എല്ലാ അവസരങ്ങളിലും കൊടുക്കുന്നില്ല. ഇതിനെ സുപ്പർവൈസ് ചെയ്യുന്നതിന ശരിയായ ഒരു ഏജൻസിയുമില്ല. ഞാൻ തന്നെ ഒരു കമ്പനിയുടെ പ്രസിഡൻറാണ്. പലതരത്തിൽ നോക്കിയിട്ടും ജാമ്യം കെട്ടിവയ്ക്കേണ്ടതാവശ്യമാണെന്നാണ് എനിക്ക ബോദ്ധ്യപ്പെട്ടിട്ടുള്ളത്.

MR. RAMA VARMA RAJA (*Edavagai*): നിങ്ങളുടെ കമ്പനിക്ക് ഇങ്ങനെ കെട്ടിവയ്ക്കാൻ സാധിക്കുമൊ?

MR. K. P. MADHAVAN PILLAI (*Shertallai*) : ഒരുപക്ഷേ സാധിച്ചു എന്നുവരാം.

MR. P. S. MAHOMED (*Nominated*) : അപ്പോഠം നിങ്ങളുടെ കമ്പനിക്കു വേണ്ടി രാജ്യത്തുള്ള മറ്റു കമ്പനികളെല്ലാം നശിപ്പിക്കാമെന്നാണോ ഉദ്ദേശിക്കുന്നത്?

MR. K. P. MADHAVAN PILLAI (*Shertallai*): അങ്ങനെയല്ല. എല്ലാ കമ്പനികളുടേയും നടത്തിപ്പിനതത്യാവശ്യമാണ്.

MR. P. S. MAHOMED (*Nominated*): കമ്പനിക്കാർ പരസ്യം ചെയ്യുന്ന തുക കൊടുത്തില്ലെങ്കിൽ ഡിപ്പാസിറ്റിൽനിന്ന് എടുക്കുന്നതിനെ സംബന്ധിച്ച വല്ല വ്യവസ്ഥയുമുണ്ടോ?

MR. K. P. MADHAVAN PILLAI (*Shertallai*) : ഇല്ല. ഫ്രൂ കൊല്ലം കഴിഞ്ഞു കിട്ടേണ്ട തുകയ്ക്ക്, ഒരു പാളിസിഹോൾഡർക്ക് ഇതല്ലാതെ വേറെ ജാമ്യമില്ല. ഡത്തുകാളല്ലാതെ ഫ്രൂ കൊല്ലം കഴിഞ്ഞു കൊടുക്കേണ്ടതായ പാളിസിയും കാണും.

MR. RAMA VARAMA RAJA (*Edavagai*) : നിങ്ങളുടെ കമ്പനി ഇത്തരത്തിലാണോ പ്രവർത്തിക്കുന്നത്?

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MR. K. P. MADHAVAN PILLAI (*Shertallai*) : ഞാൻ ഒരു പ്രത്യേക കമ്പനിയെ ഉദ്ദേശിച്ചല്ലാ പറയുന്നത്. എല്ലാ കമ്പനികളുടെയും നടത്തിപ്പിന് ഇതത്യാവശ്യമാണെന്നാണു പറയുന്നത്.

MR. P. S. MAHOMED (*Nominated*) : ഡത്തുകാഠം കൊടുത്തു പിരിച്ചു യക്കുന്നവക്ക് ഫ ക കൊല്ലം കഴിഞ്ഞു പിന്നെയും കൊടുക്കേണ്ടതായി വരുമൊ?

MR. K. P. MADHAVAN PILLAI (*Shertallai*) : ഡെത്തുകാഠം കൊടുക്കുന്നതിനല്ല ഈ തുക ഉദ്ദേശിച്ചിരിക്കുന്നതു എന്നു ഞാൻ ആദ്യമെ പറഞ്ഞു കഴിഞ്ഞു. എന്നാൽ അതല്ലാതെ ഫ ക കൊല്ലം കഴിഞ്ഞു കിട്ടുവാനുള്ളവരുടെ കരു ജാമ്യത്തിനു വേണ്ടിയാണ് ഈ തുക നിശ്ചയിച്ചിരിക്കുന്നതു്.

MR. A. NARAYANA PILLAI (*Vaikam*) : മെമ്പരുടെ കമ്പനി ഉടനടി ൧൦൦൦ രൂപാ കെട്ടിവയ്ക്കാൻ തയ്യാറുണ്ടൊ?

MR. K. P. MADHAVAN PILLAI (*Shertallai*) : കെട്ടിവച്ചില്ലെങ്കിൽ കമ്പനി നടത്തണ്ടാ.

MR. A. NARAYANA PILLAI (*Vaikam*) : അതിലേക്കുള്ള ധനശക്തയുണ്ടോ?

MR. K. P. MADHAVAN PILLAI (*Shertallai*) : ഉണ്ടെന്നാണു വിചാരിക്കുന്നതു്.

MR. A. NARAYANA PILLAI (*Vaikam*) : മെമ്പരുടെ കമ്പനിയുടെ Paid up Capital എത്രയാണ്?

MR. K. P. MADHAVAN PILLAI (*Shertallai*) : അതിപ്പോൾ ഇവിടെ പറയണമെന്നു ഞാൻ വിചാരിക്കുന്നില്ല.

MR. K. P. MADHAVAN PILLAI (*Shertallai*) : It is because the committee is convinced that these companies cannot exist for more than 3 or 4 years even if scientific principles were adopted, that this provision has been introduced into this bill. So, I very strongly oppose the amendment now brought before this House.

MR. S. CHATTANATHA KARAYALAR (*Pattanapuram* cum *Shencotta*) : Sir, I too rise to oppose the amendment proposed by Mr. Nilakanta Pillai. Mr. Nilakanta Pillai practically seeks to dispense with one of the essential safe-guards provided for under this clause. Sir, this Bill which is now before the Council is intended to check or control the operations of what are known as free insurance societies which are based upon what is known as the dividing principle. This principle has been condemned by experts who are competent to express an opinion in the matter as unsound and unworkable. It is, therefore necessary when we embark upon a legislation of this nature, that we

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should see that the necessary safe-guards are provided in the Bill to ensure the satisfactory working of these societies based upon the dividing principle and to ensure their satisfactorily meeting the future obligations to the policy holders. One such safe-guard is that which is provided in this clause. It is absolutely necessary to have that safeguard. It is based upon the suggestion of an expert Indian actuary, Mr. Marathey, as was pointed out by Mr. Madhavan Pillai.

MR. A. NARAYANA PILLAI (*Vaikam*) : ഈവ്യം കെട്ടിവയ്ക്കുന്നതു കമ്പനിയുടെ ധനസ്ഥിതിയെ അത്രയധികമായാലും ബാധിക്കുമോ ?

MR. S. CHATTANATHA KARAYALAR (*Pattanapuram* cum *Shencotta*) : I am sorry, I cannot give a reply to the member in Malayalam.

MR. E. V. KRISHNA PILLAI (*Kottarakara* cum *Kunnattur*) : If these companies which are unable to satisfy the statutory provisions come to grief will not many people be affected ? That is what Mr. Nilakanta Pillai emphasises.

MR. S. CHATTANATHA KARAYALAR (*Pattanapuram* cum *Shencotta*) : We have to look more to the interests of the large mass of people who have insured than to the companies themselves. It is for the people that we legislate.

MR. E. V. KRISHNA PILLAI (*Kottarakara* cum *Kunnattur*) : Exactly. That is the reason why I am asking the member to consider the case of the people who have insured. It is suggested by Mr. Nilakanta Pillai that most of these companies may not be in a position to meet the obligations if this law is passed.

MR. S. CHATTANATHA KARAYALAR (*Pattanapuram* cum *Shencotta*) : They must necessarily go out of existence.

MR. E. V. KRISHNA PILLAI (*Kottarakkara* cum *Kunnattur*) : To the detriment of these people ?

MR. S. CHATTANATHA KARAYALAR (*Pattanapuram* cum *Shencotta*) : Not necessarily. They will render themselves liable to be sued by the policy holders.

MR. E. V. KRISHNA PILLAI (*Kottarakara* cum *Kunnattur*) : Does the member think that some provision for meeting such a contingency should be incorporated in this Bill ?

MR. S. CHATTANATHA KARAYALAR (*Pattanapuram* cum *Shencotta*) : I am not suggesting any provision now.

MR. P. S. MAHOMED (*Nominated*) : ഈരീതിയിലുള്ള ഒരു ഇൻഷുറൻസുവേണ്ട എന്നു വച്ചുകൂടേ ?

MR. S. CHATTANATHA KARAYALAR (*Pattanapuram* cum *Shencotta*) : We cannot go back upon what we have already done.

MR. K. KUNJUKRISHNA PILLAI (*Quilon*) : May I ask whether provision has not been made in the Bill with regard to amalgamation of the companies ?

MR. S. CHATTANATHA KARAYALAR (*Pattanapuram* cum *Shencotta*) : Yes, there is provision to that effect which may go to the relief of the companies.

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[Mr. S. Chattanatha Karayalar.]

Then, my second objection is that, if the amendment is accepted the Regulation would provide only for the deposit of a sum equal to 1½ per cent. of the gross income of the last financial year. Let us take the case of a company which is formed after the commencement of this Regulation. It would have obviously done no business during the year. So it will have to deposit nothing at all. Is that the result which Mr. Nilakanta Pillai contemplates under this amendment?

MR. K. P. NILAKANTA PILLAI (*Chirayinkil*): If it does not do any business, then nobody will suffer.

MR. S. CHATTANATHA KARAYALAR (*Pattanapuram* cum *Shencotta*) It need not deposit any amount at all in the first year. If it has worked for one year, then it has to deposit 15 per cent. of the income of the last financial year.

MR. K. P. NILAKANTA PILLAI (*Chirayinkil*): May I draw the attention of the member to the fact that the principles which we apply to the provident insurance companies differ from the principles of the life insurance companies?

MR. S. CHATTANATHA KARAYALAR (*Pattanapuram* cum *Shencotta*) This is the principle.

MR. K. P. NILAKANTA PILLAI (*Chirayinkil*): With reference to the provident insurance companies, is the member for asking for a deposit of the whole amount collected?

MR. S. CHATTANATHA KARAYALAR (*Pattanapuram* cum *Shencotta*) No. That goes against the fundamental principles of the Bill. So Sir, the societies that may come into existence after the commencement of this Regulation need not deposit anything at all under this Regulation because under the amendment proposed by Mr. Nilakanta Pillai such societies have to deposit only during the first year of their working and not thereafter. So, such societies as come into existence after the commencement of this Regulation stand on a better footing than the companies that have already come into existence.

MR. K. P. NILAKANTA PILLAI (*Chirayinkil*): Will it not hereafter prevent all reasonable men to resort to companies that come into existence?

MR. S. CHATTANATHA KARAYALAR (*Pattanapuram* cum *Shencotta*) Then, Sir, the amendment as proposed by the mover does not seek to delete the proviso to the clause.

PRESIDENT: He has another amendment to that.

MR. S. CHATTANATHA KARAYALAR (*Pattanapuram* cum *Shencotta*) That has not been considered along with this. This is only one amendment. If we pass this amendment then it will render the proviso to the clause unnecessary. That will be absolutely meaningless. On these grounds, I oppose the amendment.

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*): Sir, I cannot accept the amendment.

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The question of deposit was considered very carefully by the committee and they have come to a unanimous conclusion. It *is* necessary that even the existing societies should make the deposit of Rs. 5,000. The contingency which Mr. Nilakanta Pillai put forward, *viz.*, that they may not deposit but cease to work was considered by the Committee and the Committee was of opinion that the companies that do not or could not make the deposit should cease to function. The earlier such companies go out of existence the better. The Committee have however made provision to meet the necessities of honest companies who are prepared to act up to the law and to meet the claims of the assured. With that purpose in view we have made provision for amalgamation or transfer of companies in clause 15 of the Bill, the object of which is if two or more companies are too poor to deposit Rs. 5,000, and yet are prepared to work honestly the concerns may be amalgamated. The subscribers of the companies need not therefore suffer. I think that it is a very ample provision for honest companies. Those who do not act up to that must cease to exist. The earlier they go out of existence the better.

MR. N. K. KRISHNA PILLAI (*Neyyattinkara*): Is there any such provision in regard to similar societies existing outside Travancore?

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*): No, in fact some criticism was made against the Bill because I did not make provision for that.

RAO BAHADUR A. VENKATARAMA AIYAR (*Nominated, Deputy President*): Sir, I would also oppose the amendment, and in doing so, make a few observations regarding the necessity of making a provision for the deposit now taken objection to. I do concede that there is no similar provision in the Provident Insurance Act of 1912 now in force in British India. From the latest blue book of the Government Actuary to the Government of India, I find that, at the end of 1931, only 160 societies registered under that Act were working throughout the whole of British India. In Travancore, however, as could be seen from the Report of the Select Committee, there are now 467 companies that would come under the definition of Provident Insurance Societies according to this Bill. It has also to be noticed that the number of institutions working on the dividing principle is very small in British India. On the other hand, it is unfortunate that so far as Travancore is concerned, almost all the societies are working on this line. I understand that, even after the submission of the Select Committee's report, several companies have been registered for being worked on this basis, and the number seems to be increasing every day. As pointed out by my friend Mr. K. P. Nilakanta Pillai, it is seen that experts have condemned the work of these societies as unsound, unscientific and unworkable. But one of the experts Mr. Marathey, in consideration of the large number of policy-holders who will be affected by such a law, has suggested a *via media*, that is, for attempting to see whether such institutions could not be made to work on scientific principles, and whether they could not be made to change the lines of working, by adopting some of the essentials of proper insurance companies.

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[Rao Bahadur, A. Venkatarama Aiyar.]

It is by adopting some of these suggestions that improvements have been made in this Bill as amended by the select committee. It is not hoped that, in the light of the pronouncements made by these experts, these institutions are going to work satisfactorily. I may also explain what these societies actually do. They collect on every death—some collect every month irrespective of any death—one rupee, and out of the total amount so collected, distribute a pretty large slice of it, 2/3 or 3/4 or 80 per cent. among the heirs of the deceased policy holders, appropriating the balance for working expenses, reserve fund and dividend. In the case of policy holders who pay for 12 years and who survive at the end of the period, there is an undertaking given by the company that a definite lump sum would be paid to them. From the very unscientific nature of these schemes, as experts have pointed out, these amounts cannot be paid by these societies; credulous and illiterate people, have taken policies in these companies and they will have to lose their hard earned money. It is with a view to see that their interests are safeguarded that a provision for security has been considered necessary.

It may perhaps be suggested that the amount prescribed is very high. But, in view of the fact that there are several companies at work each having, in some cases, about ten or twelve thousand policy holders, it is perfectly easy for several of them to collect the amount specified from the policy holders, if necessary. Further, provision has been made for the amalgamation of these companies, so that if individual societies find it difficult to raise Rs. 5,000, several of them may join together and raise the amount of security.

MR. K. P. NILAKANTA PILLAI (*Chirayinkil*): May I draw the attention of the learned Deputy President to Section 15 quoted by the Law Member which says nothing of amalgamation? Amalgamation is possible only after the companies have come into existence; and for companies to come into existence, they must each pay Rs. 5,000 as security.

RAO BAHADUR A. VENKATARAMA AIYAR (*Nominated, Deputy President*): The provision clearly lays down the course these societies have to adopt in case they want to work. Most of these societies have been registered under the Companies Regulation and so, if, as a result of the present Bill coming into force, some of these societies are not able to work, they must wind up in accordance with the provisions of the Companies Regulation. To make it possible for the policy-holders to see that the promises held out to them are carried out, to safeguard their interests, and to see that public money is safe in the hands of these societies, it has been provided that Rs. 5,000 must be deposited as security. It is this consideration that prompted the Select Committee, of which I was also a member, to provide for a security and to fix it sufficiently high.

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MR. RAMAVARMA RAJA (*Edavagai*): ഇപ്പോഴുള്ള കമ്പനികൾ അമാൽഗ്മേറ്റ് ചെയ്യാമെന്നു പറഞ്ഞു. അതിലേക്ക് ഓരോകമ്പനിയും ൫൦൦൦ രൂപാകെട്ടിവച്ച് അമാൽഗ്മേറ്റ് ചെയ്തശേഷം ആയുക തിരിച്ചുമേടിക്കണോ അതല്ല അമാൽഗ്മേറ്റ് ചെയ്തശേഷം ഈയുക കെട്ടിവച്ചാൽമതിയോ?

RAO BAHADUR A. VENKATARAMA AIYAR (*Nominated, Deputy President*): രൂപാകെട്ടിവച്ച ശേഷം അമാൽഗ്മേറ്റ്ചെയ്യ്, അമാൽഗ്മേറ്റു ചെയ്ത കമ്പനിയുടെ രൂപാ തിയ്യെ മേടിക്കുകയോ അല്ലെങ്കിൽ നാലഞ്ചു കമ്പനികൾ ചേർന്ന് അവരുടെ ബിസിനസ് അമാൽഗമേറ്റു ചെയ്തു ൫൦൦൦ രൂപാ കെട്ടിവയ്ക്കുയോ ചെയ്യാം. അതിലേക്ക് ൩൦ മാസത്തെ അവധിയും കൊടുത്തിട്ടുണ്ട്.

MR. RAMA VARMA RAJA (*Edavagai*): ഇതിൽ അധികം കമ്പനിക്കാർക്കും ൫൦൦൦ രൂപാ കെട്ടിവയ്ക്കാൻ സാധിച്ചില്ലെങ്കിലോ?

RAO BAHADUR A. VENKATARAMA AIYAR (*Nominated, Deputy President*): ഒരു കമ്പനിക്കു സാധിച്ചില്ലെങ്കിൽ രണ്ടു കമ്പനികൾ ചേർന്ന് അമാൽഗ്മേറ്റു ചെയ്തു പണം കെട്ടിവയ്ക്കണം.

MR. RAMA VARMA RAJA (*Edavagai*): രണ്ടു മൂന്നുകമ്പനികൾ ചേർന്നു ഗവണ്മെൻറിന്റെ അനുവാദം ചോദിച്ചു പണം കെട്ടിവയ്ക്കാൻ ഇതിൽ പ്രൊവിഷൻ കാണുന്നില്ല.

RAO BAHADUR A. VENKATARAMA AIYAR (*Nominated, Deputy President*): നാലഞ്ചു കമ്പനികൾ ഒന്നിച്ചു ചേർന്നു ബിസിനസ് നടത്താൻ നിശ്ചയിച്ചാൽ ഈ റഗുലേഷൻ അനുസരിച്ച് ഒരു കമ്പനി പണം കെട്ടിവച്ചാൽ മതി. അതിലേക്കു പ്രൊവിഷനുണ്ട്.

I have nothing to add with respect to that. I think the interests of the policy-holders would not be safe unless there is a provision for security in a statute like this.

MR. RAMA VARMA RAJA (*Edavagai*): ബ്രിട്ടിഷ് ഇൻഡ്യയിലെ കമ്പനിക്കാർ ഇവിടെ വന്നു ബിസിനസ് നടത്തുന്നുണ്ട്. അവർ പണം കെട്ടി വയ്ക്കാൻ തയ്യാറായില്ലെങ്കിൽ അവരെ തടയുവാൻ എന്താണു വഴി?

RAO BAHADUR A. VENKATARAMA AIYAR (*Nominated, Deputy President*): ഈ ബിൽ മുഴുവനും വായിച്ചു നോക്കിയാൽ ഇങ്ങനെ ഒരു ചോദ്യം ചോദിക്കയില്ലായിരുന്നു. ബ്രിട്ടീഷ് ഇൻഡ്യയിൽ.—

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MR. RAMA VARMA RAJA (*Edavagai*): ഈ ബിൽ സിലക്ട് കമ്മറിയിലെ പ്രസിഡൻറായിരുന്നയാൾ അതിനെപ്പറ്റി പറഞ്ഞാലും മതി.

RAO BAHADUR A. VENKATARAMA AIYAR (*Nominated, Deputy president*) : ഉത്തരം പറയുന്നതിനു മുമ്പു വീണ്ടും ചോദിച്ചാൽ മറുപടി പറയുക എന്നുള്ളതിനെക്കാൾ പ്രയാസമാണ്. ബ്രിട്ടീഷ് ഇൻഡ്യയിലുള്ള കമ്പനിയായാലും ഇവിടെ ഈ ബില്ലിൽ പറയുന്ന പ്രവൃത്തി ചെയ്തു കൊണ്ടിരുന്നാൽ ഇവിടെ രജിസ്റ്റർ ചെയ്യേണ്ടതാണെന്നു പറഞ്ഞിട്ടുണ്ട്.

MR. RAMA VARMA RAJA (*Edavagai*): അവർ ഇവിടെ ഒരാഫീസ് വയ്ക്കുക മാത്രമെ ചെയ്യുന്നുള്ളു എങ്കിൽ രജിസ്റ്റർ ചെയ്യണോ?

RAO BAHADUR A. VENKATARAMA AIYAR (*Nominated, Deputy President*): ആഫീസ് ഇവിടെ വയ്ക്കുന്നതു് ഈ ബില്ലിൽ പറയുന്നജോലി ചെയ്യുന്നതിനാണല്ലോ. അതുകൊണ്ടു നിശ്ചയമായും രജിസ്റ്റർ ചെയ്യണം.

I wish to make one more observation. The fact that a similar provision has not been made in the Statute in British India ought not to deter us from making the provision here. Our position is rather peculiar.

MR. S. CHATTANATHA KARAYALAR (*Pattanapuram* cum *Shencotta*) : Was not the corresponding enactment in British India enacted as early as in 1912 ?

RAO BAHADUR A. VENKATARAMA AIYAR (*Nominated, Deputy President*) : Yes; I think there is a proposal to amend the Act there. Anyhow, conditions in Travancore are abnormal, especially in this matter. The inordinate number of such companies in such a small area as compared with British India and the terrible havoc caused by these companies have to be taken into consideration in considering whether the safeguard of a good security is necessary or not. It may be said that the corresponding English Statute does not contain a provision similar to the one now under discussion. But, there is no Statute in Great Britain carresponding to the Bill now before the House. But their Friendly Societies Act and other similar enactments do make a provision for specific amounts being given to the heirs of the members on their contributing a small amount without involving any risk on account of the death of the subscribers. But, here, these societies work on the lines of life insurance companies in certain respects. The object is mainly to cover the risk involved in the death of the subscribers and not to make a provision for the heirs of the subscribers as in England. These are not really mutual benefit associations. These societies collect money on the death of one or more subscribers and a good deal of fraud

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is likely to be committed in the actual working. The money due is not, in many cases, paid in the month in which the money has been collected. It is to provide the necessary safeguard for the interest of the policy-holders that this provision for security has been made.

With these words, I oppose the amendment.

MR. K. P. NILAKANTA PILLAI (*Chirayinkil*) : The provision in the Bill is very hard and it may be ruinous to the country than beneficial. With due respect to the speakers who have opposed the amendment I think they are confusing between the principle underlying life insurance companies and the principle underlying these Provident Insurance Societies. I am more or less certain that it is with the working of life insurance companies in mind that the provision now sought to be amended has been enacted.

MR. A. S. DAMODARAN ASAN (*Mavelikara* cum *Kartikapalli*) : How is the member so certain about that ?

MR. K. P. NILAKANTA PILLAI (*Chirayinkil*) : I shall just read one or two passages to show that even for controlling ordinary life insurance companies such a hard provision, as we now have in the Bill, does not occur in other places. Sir, this is the provision in the United Kingdom.

"As a guarantee of good faith and in order to check the practice of forming companies for the mere purpose of selling them to other companies, assurance companies established, or commencing to carry on business within the United Kingdom, after the passing of the Act (9th August 1870) are required to deposit £ 20,000 in the Court of Chancery to be invested as other funds under the control of the court, the company electing the particular security and receiving the income. This deposit is made a condition precedent to incorporation, and is to be returned as soon as the life assurance fund accumulated out of premiums amounts to £ 40,000.

MR. A. S. DAMODARAN ASAN (*Mavelikara* cum *Kartikapalli*) : Are the companies in the United Kingdom like our free insurance companies ?

MR. K P. NILAKANTA PILLAI (*Chirayinkil*) : No ; it is the distinction between these companies and the free insurance companies here that I want the House to bear in mind. Even in the case of life insurance companies, in the United Kingdom, though each company has to deposit £ 20,000 as a condition precedent to its starting work, this deposit is refunded to the company after its reserve, which it has to accumulate at a certain percentage, has accumulated to £ 40,000.

MR. K. KUNJUKRISHNA PILLAI (*Quilon*) : Do these societies in the United Kingdom work on the dividing principle?

MR. K. P. NILAKANTA PILLAI (*Chirayinkil*) : No ; all the more is the strength that my argument gains. Because even in the case of these insurance companies involving lakhs and lakhs of rupees, the deposit of £ 20,000 is to be returned as soon as the company's fund accumulates to £ 40,000. On the other hand, what is the provision here ? First Rs. 5,000 has to be deposited as security. Secondly, a fund has to be accumulated by investing at the rate of 15 per cent. per annum. There is no provision for the deposit to be returned at any time. After all, Sir, what is the position of our companies? What is the money that, ordinarily, the promoters of one such company here get? On the

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[Mr. K. P. Nilakanta Pillai.]

whole the subscriptions collected in a month may come to a hundred or two, out of which about 75 or 80 per cent. has to be paid to the heirs of the deceased. Naturally, they would have incurred some expenditure on account of the collection of the subscription, office establishment and contingencies. The balance left with them, ordinarily, is practically nothing. What is the meaning in calling upon these companies, Sir, to deposit Rs 50,000?

MR. A. S. DAMODARAN ASAN (*Mavelikara cum Kartikapalli*): May I point out to my friend that these companies have promised to pay a lump sum to every subscriber who survives the period of 12 years? If as my friend has now explained, as they work at present, they have nothing left with them at the end of the month, how are they going to fulfil that promise? Should we not provide some safeguard for that?

MR. K. P. NILAKANTA PILLAI (*Chirayinkil*): The proper provision for that would be to compel the companies to build up a sufficient reserve and not to ask them to deposit a security which they cannot deposit.

The difficulty can arise only with regard to the first five or six months. Afterwards, every time a death occurs, the subscriptions will be collected and the major portion of it will be paid to the heirs of the deceased.

On the other hand, the rest may go to strengthen the reserve fund. Even after two years, money may be equally distributed to the policy holders. Some such thing has to be agreed to.

Again, the Law member was telling the House that Section 15 provides for the amalgamation of two or more societies.

MR. K. KUNJUKRISHNA PILLAI (*Quilon*): May I know from the member whether these accumulated deposits do not go to form part of the assets of the company?

MR. K. P. NILAKANTA PILLAI (*Chirayinkil*): I do not think so.

MR. K. KUNJUKRISHNA PILLAI (*Quilon*): What is it then?

MR. K. P. NILAKANTA PILLAI (*Chirayinkil*): It is only a security *at best.*

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): Is it the member's opinion that it is to be finally appropriated by Government?

MR. K. P. NILAKANTA PILLAI (*Chirayinkil*): I ask Government, to whom would the deposit be handed over, if the company ceased to work.

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): It will be given over to the liquidators, to be distributed among the policy holders and promoters. Eventually it will be an asset to the company.

MR. K. P. NILAKANTA PILLAI (*Chirayinkil*): It is there I do not quite understand.

MR. K. P. MADHAVAN PILLAI (*Shertallay*): Will the member refer to clause 15?

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MR. K. P. NILAKANTA PILLAI (*Chirayinkil*) : I do not want to be interrupted like that.

Suppose I start business with 10,000 policy holders and carry on business. Some how or other I complete the formalities regarding deposits and deposit Rs. 50,000 with Government. Thereafter I never want to do business because I think I can meet the liability of the company from reserve fund. After some period, I successfully come to the conclusion that I can discharge my liabilities with reference to every policy holder. Now I want to close the business. What will be done with that fifty thousand rupees ?

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): If the company ceased to work after clearing all liabilities, the deposit with Government will be handed over to you.

MR. K. P. NILAKANTA PILLAI (*Chirayinkil*) : By "you" what do you mean ?

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*) : To the promoters.

MR. K. P. NIAKANTA PILLAI (*Chirayinkil*) : Half a dozen people register themselves as promoters of the company and they deposit only Rs. 5,000. It is the policy holders' money that is getting accumulated. Have they no claim or right on the deposit with Government ?

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*) : When you propose to discharge the policy holders' liabilities, it is the business of the policy holders to take charge of Rs. 50,000 and get equitable distribution among the promoters.

MR. K. P. NILAKANTA PILLAI (*Chirayinkil*) : My contention again is this. With reference to existing companies and their detailed nature of work in the matter of prospectus and rules, this Regulation is defective. The rules contained in the present regulation govern only companies that are going to take their birth after the commencement of the Regulation. What is there in the present regulation to say that such and such companies shall have their own prospectuses or that the liability of its members is concluded by its prospectus. Is there anything in the Regulation to compel the promoters to change their prospectus? Many of the companies can change the provisions of the prospectus according to changed circumstances when the Directors deem it necessary. If the rules are alterable, there is no mention about that in the present regulation. If therefore I start business, am I to be held liable more than that of the liability announced by the prospectus?

There is Section 16 which provides for the amalgamation of companies. That is effected provided two or more companies agree and that is sanctioned by a Civil court. That means we have two or more companies which are recognised; they have to agree among themselves for amalgamation first of all. Amalgamation is made practically impossible by Section 15 (6) which says that if one-tenth of the policy holders dissent from amalgamation, the Government cannot sanction the amalgamation. Suppose two companies want to collude and appropriate money.

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MR. A. S. DAMODARAN ASAN (*Mavelikara* cum *Kartikapalli*): Is it the member's view that the promoters will work against the interests of the policy holders?

MR. K. P. NILAKANTA PILLAI (*Chirayinkil*): Otherwise what is it?

MR. A. S. DAMODARAN ASAN (*Mavelikara* cum *Kartikapalli*): Is it the member's fear?

MR. K. P. NILAKANTA PILLAI (*Chirayinkil*): I fear all sorts of things. Even granting both these companies deposit Rs. 5,000 before amalgamation and they apply for amalgamation. Where is the provision for an amalgamation on a single deposit of Rs. 5,000? It is two companies that agree to combine. So there must be two deposits necessary for amalgamation. Rules regarding amalgamation are imperfect. Again, as was suggested, suppose the companies unite. Taking advantage of the present rules, the responsible men go to Cochin or British India. Through their agents money is collected in Travancore. There is no provision prohibiting this. There is no specific provision regarding registration in reference to any deposit. Through agents responsible men can draw all the money.

MR. S. CHATTANATHA KARAYALAR (*Pattanapuram* cum *Shencotta*): There is clause 9.

MR. K. P. NILAKANTA PILLAI (*Chirayinkil*): Should a British Indian Society deposit any sum?

MR. S. CHATTANATHA KARAYALAR (*Pattanapuram* cum *Shencotta*): Clause (9) says that "No provident insurance society shall receive..... unless it is registered....."

MR. K. P. NILAKANTA PILLAI (*Chirayinkil*): I cannot imagine any other society.

MR. S. CHATTANATHA KARAYALAR (*Pattanapuram* cum *Shencotta*): Only Travancore companies can be registered. If not, they cannot work here.

MR. K. P. NILAKANTA PILLAI (*Chirayinkil*): That is exactly the reason why they cannot receive any money.

MR. S. CHATTANATHA KARAYALAR (*Pattanpuram* cum *Shencotta*): They can be penalised, if not registered in accordance with the Regulation. We legislate only for Travancore companies.

MR. K. P. NILAKANTA PILLAI (*Chirayinkil*): That is left in darkness. Provisions regarding amalgamation are hard and unworkable. From the point of view of the working of the companies it may be ruinous to the interests of the country and the generality of the people.

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*): I have nothing to add.

Amendment of Mr. Nilacanta Pillai to clause IV was put to the vote of the House and lost.

MR. K. P. NILAKANTA PILLAI (*Chirayinkil*) I demand a poll.

A poll was taken with the following result.

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AYES—4.

1	Mr. A. Narayana Pillai	3	Mr. Rama Varma Raja
2	,, M. N. Narayana Menon	4	,, K. P. Nilakanta Pillai

NOES—32.

1	Rao Bahadur A. Venkiatarama Iyer	17	Mr. K. Gopalakrisnna Pillai
2	Mr. K. Kunjukrishna Pillai	18	,, John Joseph
3	,, S. Krishna Pillai	19	,, K. George
4	,, K. Madhavan Pillai	20	,, A. Kumara Pillai
5	,, K. P. Madhavan Pillai	21	,, C. N. Sriranganatha Sastri
6	,, M. P. Madhavan Pillai	22	,, R. Nilakanta Pillai
7	,, A. Thanu Pillai	23	,, Kayalam Paramesvaran Pillai
8	,, R. S. Subramonya Pillai	24	,, B. Nanoo Pillai
9	,, K. Krishnan Nayar	25	,, N. K. Padmanahha Pillai
10	,, K. C. Karunakaran	26	,, R. Dhanukoti Pillai
11	,, K. Padmanabha Panikkar	27	,, S. C. H. Robinson
12	,, K. Narayanaperumal Nadar	28	Rao Sahib Dr. N. Kunjan Pillai
13	,, A. S. Damodaran Asan	29	Mr. E. G. McAlpine
14	,, Chattanatha Karayalar	30	,, J. S. Westerdale
15	,, K. P. Abraham	31	,, C. O. Madhavan
16	,, Tuppan Nampütripad	32	,, N. Nilakanta Pillai

NEUTRALS - 6.

1	Mr. N. K. Krishna Pillai	4	Mr. K. C. Kocheeppan Mappilla
2	,, E. V. Krishna Pillai	5	,, P. S. Mahomed
3	,, K. P. Kochukora Tarakan	6	,, M. Mahomed Mustapha

The amendment was declared lost, 4 voting *for* the amendment 32 *against* and 6 remaining *neutral*.

The question that clause 4 do stand part of the bill was then put and carried and the clause was added to the Bill.

Clause 5.

MR. K. P. NILAKANTA PILLAI (*Chirayinkil*): I move that,

In clause 5, sub-clause (1), line 4 insert the words "grand child between the words "child" and "parent".

I propose this amendment with a view to see that some understanding is arrived at with reference to the working of the companies now existing. Under the rules they allow policies to children also. If the law member has no serious objection to that, I am not very particular of pressing it.

MR. K. KUNJUKRISHNA PILLAI (*Quilon*): I second it.

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*): If the House is agreeable I have no objection to accept it.

PRESIDENT: I put it to the House that the amendment be passed.

The amendment was passed.

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Clause 5.

MR. S. CHATTANATHA KARAYALAR (*Pattanapuram* cum *Shencotta*): I move that,

In clause 5, sub clause (1), delete the clause :

"nor shall any such society issue any policy in which a person other than any such relation is nominated as the payee of the money insured" occurring after "such person".

I seek to omit the portion that is sought to be incorporated in the clause by the Select Committee. That clause deals with insurable interest and the first portion of it is practically confined to that. It says 'No society shall receive money to be paid on the death of any person other than the person paying such premium or the wife, husband child, parent, brother or sister of such person,... ... ...". That will include grandchildren also. I can understand any restriction being placed upon insurable interest. I cannot understand why any such restriction should be placed upon the nomination of the payee. If no restriction is placed upon nomination, I do not think it will lend itself to any fraud. If the Law Member will convince me, that it will lead to practice of fraud or any such thing, I have no objection to withdraw the amendment. The principles governing the first portion and the second portion are different. For example a man may like to benefit his servant. If this clause, as it is, is accepted, then it will debar him from benefiting his servant.

Another ground I urge is this. The issuing of a particular policy takes place at a particular point of time and nomination need not be made then. This portion which I seek to delete can be defeated by the policy holder simply defering nomination. So long as there is no provision in the bill making it obligatory on the policy holder to nominate the payee at the time the policy is issued, the clause proposed to be inserted is meaningless.

MR. E. V. KRISHNA PILLAI (*Kottarakara* cum *Kunnattur*) : I second it. As it is, the benefit that is sought to be conferred upon a stranger is restricted to the relations specified in the section. Mr. Karayalar's amendment seems to widen the scope of the benefit under that section. If it is contended that strangers also may be allowed to gain the benefit of such assignment, we should see that no fraud is practised in assigning policies. There is a section coming below whereby any such fraudulent assignment may be difficult.

MR. K. P. ABARHAM (*Muvattupuzha* cum *Todupuzha*): Am I to understand from the member that nomination and assignment should take place at the same time?

MR. E. V. KRISHNA PILLAI (*Kottarakara* cum *Kunnattur*): I take the amendment to mean that if anybody wants to confer any benefit, upon some other, he should not be restricted within the scope of the relationship mentioned in sub-section 5(1).

MR. K. P. ABRAHAM (*Muvattupuzha* cum *Todupuzha*): Does the member differentiate between nomination and assignment?

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MR. E. V. KRISHNA PILLAI (*Kottarakara* cum *Kunnattur*) : There is difference. In the case of nominations, there are restrictive clauses here which do not admit of any fraud and in the case of assignment there is a register provided for that. So the amendment is sensible in as much as it gives one ample scope for conferring the benefit upon whomsoever the policy holder wants.

MR. A. S. DAMODARAN ASAN (*Mavelikara* cum *Kartikapalli*) : Could not the policy holder make nominations himself ?

MR. E. V. KRISHNA PILLAI (*Kottarakara* cum *Kunnattur*) : Yes.

MR. A. S. DAMODARAN ASAN (*Mavelikara* cum *Kartikapalli*) : Will this provision in any way hamper that freedom ?

MR. E V. KRISHNA PILLAI (*Kottarakara cum Kunnattur*) : Even then, where is the harm in allowing that freedom even at the initial stage ?

MR. A. S. DAMODARAN ASAN (*Mavelikara* cum *Kartikapalli*) : Is there not some chance for strangers to get their names registered in a company as policy holders ?

MR. E. V. KRISHNA PILLAI (*Kottarakara* cum *Kunnattur*) : The very same thing can be apprehended in the case of relations also.

MR. A. S. DAMODARAN ASAN (*Mavelikara* cum *Kartikapalli*): Will not relations have some interest in the life assured ?

MR. E. V. KRISHNA PILLAI (*Kottarakara* cum *Kunnattur*) : May or may not.

MR. S. KRISHNA PILLAI (*Karunagapalli*) : I oppose the amendment. The object with which this clause was introduced in the Select Committee's report was mainly this. It has been brought to our notice that in several of these insurances, the person effecting insurance or the person on whose life insurance is so effected, has nothing to do with the policy effected. Almost all these insurances are made behind the back of the individuals. An agent will be deputed by a company for getting insurance policies effected. A busy and clever man in a locality would always get that opportunity in the name of a person who knows nothing about it and at the same time nominate himself as the beneficiary in the policy. A person in whose name insurance is effected does not know that an insurance has been effected.

The person whose name is nominated will be the person who is interested in it and he will be the person who will be paying the money. If this thing goes on people who actually want to effect a policy to benefit their sons or grandsons would find themselves confronted with this difficulty that in the rules of almost all the companies there is a provision that no second application for insurance on the same life shall be recognized. That being so, the old woman of 70 will take a long time to hear about the Insurance Companies. In the meantime the agent knows that there is an old woman in the locality who is likely to croak very soon. Up goes the agent and she nominates her best friend as the nominee. The agent receives death calls for three or four months and the woman dies. Immediately before her death she is

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[Mr. S. Krishna Pillai.]

old of her grand child. The woman is made to sign an application and the peron who is really to be benefited, her child or grand child, sends up the application with one rupee. The money is received and his name entered in the company register and certificate issued in his name. Soon after, the woman dies and the company declares so and the son goes and claims the amount. But the company people say that "there is a previous application and so you are not entitled to it." Under the rules of the Company, only the first applicant has the right to receive the money and so the first applicant or the person who has been able to effect a fraudulent policy is the only person who is able to get it. But if there is a statutory provision that no one other than the persons mentioned in clause 4 shall be the nominee those people in the locality will not have benefited at the expense of these old illiterate people.

MR. E. V. KRISHNA PILLAI (*Kottarakara cum Kunnattur*) : Why is it not mentioned father and mother in this ?

MR. S. KRISHNA PILLAI (*Karunagapalli*) : Parents, I think, 'Parents' will include father and mother (*laughter*).

It was with this object that we thought that such a provision ought to be made. I am sure if there was not this tendency to insure on other people's lives, we would not have had 460 companies in existence today. Every man's life is open to attack and no man's life is safe. I have been reading a book relating to the insurance system and I find that in the ancient days there was a system of insurance known as the 'tontaine' insurance. At that time more than two persons at the initial stages were entered in the policy and under the term of the policy it was declared that the last survivor would be entitled to claim the whole amount after the expiry of a certain period. Soon after these polices were effected it so happened that there was a tendency among those to exterminate one another. These led to various scandals and the legislature had to come forward and put a stop to them. We are in a similar predicament. A lot of persons become interested in the life or death of a poor individual in the locality. After the policy becomes matured, whether it is 183 days under the po icies issued by some of the prior Companies or 15 days fixed by some of the latest companies, we find that some people become interested not in the improvement of the health but in the death of certain people. This fear induced us to include this provision. This is not an original provision brought into this Bill. But it is borrowed from some British Indian Acts. Of course, the provision made therein is not intended to meet any contingencies similar to the one in our State. We thought that it would be better that there was a provision like that here also.

Recently we had a list of fastings thrughout India and some well known persons were insured in our locality. Even Mahatma Gandhi was not beyond attack in this respect. It is only speculation. We say so and so may die within say 18 days. Mahatma Gandhi, or for that matter Mr. Kelappan stands nothing to lose. But it is not that.

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That is the way in which these companies are being formed. So that any person's life is open to attack.

MR. K. GEORGE (*Chief Secretary to Government*): But a brother may defraud a child.

MR. S. KRISHNA PILLAI (*Karunagapalli*): Those cases are not usual. We can provide only for the usual contingencies.

MR. E. V. KRISHNA PILLAI (*Kottarakara cum Kunnattur*): In that case nobody stands to lose anything if Mr. Kelappan dies and we gain Rs, 2,000.

MR. S. KRISHNA PILLAI (*Karunagapalli*): After the expiry of a few days one may even go to Guruvayoor and try to poison him in the hope of getting Rs. 2,000. That tendency to speculate and gamble on another man's life should be prevented. On human lives you should not gamble. As has always been recognised it is the paramount duty of the legislature to protect one man's life against the attacks of another person.

MR. C. N. TUPPAN NAMPUTIRIPAD (*Jenmies*) അടുത്ത ഒരവസരത്തിൽ വിഷം കൊടുത്തു ഒരാളിനെ കൊന്ന എന്നൊരു കേസ് മല്യേതിരുവിതാംകൂറിൽ എവിടെയൊ ഉണ്ടായിട്ടുള്ളതായി അറിയാമൊ?

MR. S. KRISHNA PILLAI (*Karunagapalli*): അങ്ങനെ പ്രത്യേകമായി ഒരു കേസുണ്ടായതായി എനിക്കറിഞ്ഞുകൂടാ. കുറെ വയസ്സായ ഒരാൾക്കു ഒരു വയറിളക്കം വന്നാൽ അതു തെളങ്ങാ കലക്കി കൊടുത്തതു കൊണ്ടായിരിക്കുമൊ എന്നു ഭയപ്പെടുന്നുണ്ട്. പ്രാധിക്യം കൊണ്ടു വിഷം കൊടുത്തേക്കുമൊ എന്നുള്ള ഭയം നല്ലവണ്ണമുണ്ടാകും. രാത്രിയിൽ തനിച്ചു കിടക്കുകയില്ല. കതകു ഉറന്നിട്ടു കിടക്കുകയില്ല. ഇത്തരത്തിലുള്ള ഭയാധിക്യത്താൽ വയസ്സായവർ വളരെ വിഷമിക്കയാണു്. എന്നാൽ പ്രാവിഡൻറ ഇൻഷുറൻസിനുള്ള ക്ലയിം മകനു മാത്രമെ കൊണ്ടു പോകാവു എന്നു വരികയാണെങ്കിൽ അതിനു കുറെ സമാധാനമുണ്ടു്. കിട്ടുമെന്നു ആശിക്കുന്നതും അവസാനത്തിൽ കിട്ടാതെ വരുന്നതുമായ പണത്തിനു വേണ്ടി മകൻ അച്ഛനെ കൊല്ലുകയാണെങ്കിൽ അങ്ങനെ ചെയ്തുകൊള്ളട്ടെ. പണം കിട്ടുന്നതിനു വേണ്ടി എപ്പോഴും അയൽ പക്കക്കാരൻ മരിക്കുന്നൊ എന്നു നോക്കിക്കൊണ്ടിരിക്കുന്ന ഒരു സംപ്രദായം നിൽക്കണമെന്നുള്ളതാണു് ഈ വകുപ്പിൻറെ ഉദ്ദേശം.

Therefore I oppose Mr. Karayalar's amendment.

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*): Sir, I oppose this amendment. This provision was introduced by the Select Committee after mature consideration and those considerations have been placed before the House by Mr. S. Krishna Pillai. I shall therefore not take up any more time of the House in explaining them.

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MR. S. CHATTANATHA KARAYALAR (*Pattanapuram* cum *Shencotta*): Sir, Mr. Krishna Pillai in his opposition brought forward a specific instance of fraud being practised. The fraud, as pointed out by him, is a different kind of fraud from that which ordinarily gives rise to a cause of action It is not really a case of fraud because a case of fraud would give rise to a cause of action to the societies concerned. So, in such cases it would be better if provisions were made by the societies concerned and it is not proper that such provisions should find a place in the statute.

My second point is that such restriction as is sought to be placed by this clause goes against the fundamental principles of all Provident Insurance Societies because the very principle on which provident funds are based is to provide for persons in whom the policy holder is in trested.

MR. A. S. DAMODARAN ASAN (*Mavelikara* cum *Kartikapalli*): Could not that be done by assignment?

MR. S. CHATTANATHA KARAYALAR (*Pattanapuram* cum *Shencotta*): Why should such restrictions be placed upon the freedom of the policy holders?

MR. S. KRISHNA PILLAI (*Karunagapalli*): In the case of sale of immovable properties why is it said that it should be on a registered deed? Is there any principle underlying that rule? Then there must be a similar principle in this also.

MR. S. CHATTANATHA KARAYALAR (*Pattanapuram* cum *Shencotta*): That goes on a different principle altogether. No restriction is placed upon the nominees in the ordinary life insurance companies. With these words I press my amendment.

PRESIDENT: The amendment before the House is No. 4 to delete the following words from clause 5, sub clause (1)—

"Nor shall any such society issue any policy in which a person other than any such relation is nominated as the payee of the money insured, occuring after "such person".

The amendment was then put to the vote of the House and lost, 4 voting for and 39 against.

The following amendments were not moved:—

Mr. S Chattanatha Karayalar: clause 5, sub-clause (2) delete
Mr. S. Chattanatha Karayalar: Clause 5, sub-clause (3) delete.

The question that clause 5 as amended do stand part of the Bill was then put and carried.

The clause was added to the Bill.

Clause 6.

The following amendment was not moved:—

Mr. K. P. Nilakanta Pillai: Clause 6, sub-clause (c): line 2: delete the rest of the clause after the word "thereof" and substitute the following:
"Prescribe the proportion of the income of the Society from premiums or contributions to be so divided".

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The question that clause 6 do stand part of the Bill was then put and carried.

The clause was added to the Bill.

Clauses 7 to 21.

The question that clauses 7 to 21 do stand part of the Bill was then put and carried.

The clauses were added to the Bill.

Clause 22.

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*): I beg to move that.

In clause 22, line 2, the figure "21" be substituted for the figure "17".

It is only intended to correct a mistake with reference to the section referred to. The proper section should be section 21 instead of section 17.

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): I second it.

The amendment was put to the vote of the House and carried.

The question that clause 22 as amended do stand part of the Bill was then put and carried.

The clause was added to the Bill.

Clause 23.

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*) I beg to move that.

In clause 23 the figure "22" be substituted for the figure "18".

The reason is the same.

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): I second it.

The question that clause 23 as amended do form part of the Bill was then put and carried.

The clause was added to the Bill.

Clause 24

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*): I beg to move that.

In clause 24, sub clause 1 (c) the figure "23" be substituted for the figure "19".

The reason is the same.

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): I second it.

The question that clause 24 as amended do form part of the Bill was then put and carried.

The clause was added to the Bill.

Clause 25

MR. K. P. NILAKANTA PILLAI (*Chirayinkil*): Sir, I beg to move the following amendment:—

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[Mr. K. P. Nilakanta Pillai.]

"Substitute for the word "five" in line 7 the word "one" and delete the word "hundred and fifty in line 8".

Sir, section 25 may apply to offences of default that are narrated in sections 18 to 21. They are offences of a petty nature. For that, if such a hard punishment is inflicted upon the offending party, that will be too hard. We can very well imagine the nature of the offences committed under section 18 to 21. Probably, the authority competent to inspect an office of the company may come for inspection on a certain day and the company is expected to be opened during such and such hours of the day. It may happen that the secretary or the manager may not be there. What is the punishment provided for? It is a fine which may extend to five hundred rupees, or in the case of continuing default, with fine which may extend to two hundred and fifty rupees for every day.

PRESIDENT: Is it not the maximum punishment?

MR. K. P. NILAKANTA PILLI (*Chirayinkil*): Yes, it is the maximum punishment.

MR. C.N. TUPPAN NAMPUTIRIPAD (*Jenmies*): ൫ ൦ ൦ രൂപാ പിഴയിൻ ചെയ്താലും ൧ ൦ ൦ രൂപാ പിഴയിൻ ചെയ്താലും അതുകൊണ്ടുള്ള നഷ്ടം അതിക്കാണ്. മാനേജിങ്ങ് ഡയറക്ടർ സ്വന്തം പണത്തിൽ നിന്നു പിഴയിൻ കൊടുക്കുമോ അതല്ല ജനങ്ങളുടെ പണത്തിൽ നിന്നും പിഴയിൻ കൊടുക്കുമോ?

MR. K. P. NILAKANTA PILLAI (*Chirayinkil*): I am not quite sure whether the rules of the company permit the fines to be paid out of the proceeds of the company. The Managing Directors are indirectly liable. Even for other serious offences to be committed under this Regulation, section 26 applies. They can be prosecuted before a criminal court and be punished if required. So these sections are intended to apply to two cases which have been quoted as offences of a petty nature.

I ask the question whether such an offence need be punished with a sum of more than Rs. 100. Is it not very hard? And for a continuation of the offence, Rs. 2 will be sufficient. That is my humble submission. Anyhow, this is a very rigorous clause and I do not find any justification for making such a provision in this clause. I would ask the Law Member whether there is any provision in any law similar to the one now under discussion. In the Income-tax Regulation the same provision as I suggest is made. Not only that; in the operative nature of the clause either the Managing Director or the Secretary who is knowingly a party to the default is made liable. Suppose the Secretary or the Managing Director does not take the records to the authorities. Then he will be punished.

MR. K. P. ABRAHAM (*Muvattupuzha* cum *Todupuzha*) Has the member compared this with the Joint Stock Companies Regulation in Travancore?

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MR. K. P. NILAKANTA PILLAI (*Chirayinkil*): The reasonableness of the amendment is quite patent. Every petty offence which may be committed will be punished up to Rs. 500. I think the maximum punishment of Rs. 200 is quite sufficient and for a continuation of it, Rs. 2 will be sufficient. Rs. 250 a day will not be within the limits of any man in Travancore. It is not intended for Travancore. It is intended probably for some person who is rolling in money. I was surprised at this provision. If one is made an accomplice in the default, I ask whether it is the intention of the authorities to punish him with the maximum amount.

MR. K. P. ABRAHAM (*Muvattpuzha* cum *Todupuzha*): Does not the member think that punishment should be sufficiently deterrent?

MR. K. P. NILAKANTA PILLAI (*Chirayinkil*): With reference to the theory of punishment, it may be deterrent or retributive as in criminal cases. We need not go into all those things. Here the registering authority is asking a person to produce a book. If the person has not produced the book, then he has to pay a penalty of Rs. 500 and for every day of default he is fined Rs. 250.

MR. A. S DAMODARAN ASAN (*Mavelikara* cum *Kartikapalli*): Will not a day of default allow him to make a profit of Rs. 500?

MR. K. P. NILAKANTA PILLAI (*Chirayinkil*): It may go both ways. If it is a small matter and he has to pay a penalty of Rs. 2 he may be able to pay that. If it is beyond the capacity of the man to pay he will default. Therefore, it is indirectly asking the company to wind up by punishing the Secretary or the Managing Director by such an inhuman punishment. I do not know whyRs. 100 as penalty and Rs. 2 for every day of default will not be enough. You may leave it to the discretion of the officer not to hang him. I think the maximum that I propose is quite sufficient.

MR. S. CHATTANATHA KARAYALAR (*Pattanapuram* cum *Shencottah*): Is not this provision intended to compel the performance of statutory duties?

MR. K. P. NILAKANTA PILLAI (*Chirayinkil*): I can understand the legislature to say that it never intends to punish him. As long as the case does not go to a court of law, it will be all right. Suppose a case goes to a court of law, then is it not necessary for the officer to punish him.

MR. A. S. DAMODARAN ASAN (*Mavelikara* cum *Kartikapalli*): He is not compelled to impose the maximum.

MR. K. P. NILAKANTA PILLAI (*Chirayinkil*): Not the maximum But is he not compelled to pay?

MR. A. S. DAMODARAN ASAN (*Mavelikara* cum *Kartikapalli*): Is he not to be tried by an officer superior to a Magistrate? No court other than a First Class Magistrate's court shall try him. That is the provision.

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MR. K. P. NILAKANTA PILLAI (*Chirayinkil*): That is a misunderstanding. The Law member may explain that. If he is to be tried by a First Class Magistrate, then is not the First Class Magistrate equally competent to try him under the Penal Code or the Criminal Procedure Code?

MR. A. S. DAMODARAN ASAN (*Mavelikara* cum *Kartikapalli*): For forgery or manipulation of records, he has to answer before the Magistrate's court. Is it necessary to bring this offence under this penal provision?

MR. S. KRISHNA PILLAI (*Karunagapalli*): Does the member think that if a person employed in an insurance society were to be charged for forgery, he has to be punished under this Regulation or under the general penal law.

MR. K. P. NILAKANTA PILLAI (*Chirayinkil*): Then, what is the meaning of saying "every day of default"? I do not understand that. With these words, I place the amendment before the House.

MR. M. P. MADHAVAN PILLAI (*Tiruvalla*): I second it.

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*): Sir, I oppose the amendment. First of all the punishment that is laid down by the clause is the maximum punishment. The court will exercise its discretion in each case as to the actual punishment to be awarded. Secondly, with regard to the challenge made by Mr. Nilakanta Pillai whether there is any provision like this elswhere, I could refer him to a similar provision in British India *viz.*, the provision in the Provident Insurance Societies Act of 1912, on the lines of which this Bill is drafted. The Section in the British Indian Act is exactly like this.

MR. K. P. NILAKANTA PILLAI (*Chirayinkil*) If this section is to be applied by the authority, who is to supervise the affairs of the company, the Registrar or the Magistrate? How is a trial contemptated without the word coviction in the clause?

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*): The affairs will be scrutinised by the Magistrate. Even the ordinary interpretation of the provision is that he will be liable only on conviction. That means the case must go to a court of law. To make matters clear, you will find in Section 27 the provision that no Magistrate below the firt class shall try any offence.

MR. K. P. NILAKANTA PILLAI (*Chirayinkil*): What is provided for is that if the case is to be tried by a First Class Magistrate, for every default the penalty is Rs. 250. What does it convey?

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*): It conveys what the words clearly import.

MR. K. P. NILAKANTA PILLAI (*Chirayinkil*): The question of default may not arise unless he is convicted on the day he appears in the court,

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*): If there is no default, then the court will not convict him for default.

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MR. K. P. NILAKANTA PILLAI (*Chirayinkil*): May I know further from the Law Member if in case an offence has been proved before the Magistrate, there is any provision that the offender should not be punished beyond Rs. 500.?

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*). He cannot be punished with a fine of Rs. 501. He can be punished only up to Rs. 500 unless there is some other provision in other laws. I may also mention, Sir, that there is a similar provision in the Travancore Companies Regulation. The penalty fixed there varies from Rs. 5 to Rs. 1000.

MR. K. P. NILAKANTA PILLAI (*Chirayinkil*): I have nothing more to add.

The amendment was by leave withdrawn.

The question that clauses 25 to 27 do form part of the Bill was then put and carried.

The clauses were added to the Bill.

Clause 28.

The following amendment was not moved.

Mr. K. P. NILAKANTA PILLAI:

Clause 28, sub clause (4): Add the following at the end of the clause.

"Provided the legislature has approved the same"

The question that clauses 28 and 29 do stand part of the Bill was then put and carried and the clauses were added to the Bill.

Preamble.

The question that the preamble do form part of the Bill was then put and carried.

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*): I beg to move that the Bill as settled now be taken up and passed at a subsequent meeting.

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): I second it. The motion was carried.

THE TRAVANCORE INSOLVENCY BILL.

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*): Sir, I beg to present the report of the Select Committee on the Travancore Insolvency Bill, and beg to move that the Bill as reported be taken up for consideration.

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): I second it.

MR. S. KRISHNA PILLAI (*Karunagapalli*): Sir, I have to point out one thing about this. This is an important piece of legislation. We were anxiously awaiting the report of the Select Committe. It was only a few days ago that it was put into our hands. We had no time to study the Bill in its entirety. If the House thinks there is no urgency about this Bill and requires better consideration, I submit that the consideration of the Select Committee report may be postponed. We have already got an Insolvency Regulation. It is imperfect. And it is that that has necessitated this Bill. But with the existing Bill, we will be able to carry on some sort of bankruptcy

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